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The Catholic Teaching ON OUR Industrial System

by

Rt. Rev. Msgr. John A. Ryan



THE CATHOLIC TEACHING ON OUR INDUSTRIAL SYSTEM

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Rt. Rev. Msgr. John A. Ryan, D. D., LL.D., Litt. D., Director
of the Social Action Department, National Catholic
Welfare Conference, and Professor of Moral
Theology, Catholic University of America.

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- I. Pope Leo XIII's "Rerum Novarum."
- II. Pope Pius XI's "Quadragesimo Anno."
- III. A New Social Order.



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✠ JOHN FRANCIS NOLL, D. D.,
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DEDICATION

To the National Council of Catholic Men which, in inviting the author of these discourses to avail himself of the facilities of the Catholic Hour network, has enabled him to present this brief summary of Catholic social teaching, so much needed in these days of uncertainty, to a nation-wide audience.

POPE LEO'S "RERUM NOVARUM"

(Address delivered on May 13, 1934)

"Since the Divine words, 'I have compassion on the multitude', were spoken in the wilderness, no voice has been heard throughout the world pleading for the people with such profound and loving sympathy for those that toil and suffer as the voice of Leo XIII. This is no rhetorical exaggeration, but strict truth. None but the Vicar of our Divine Lord could so speak to mankind. No Pontiff has ever had such an opportunity so to speak, for never till now has the world of labor been so consciously united, so dependent upon the will of the rich, so opposed to the fluctuations of adversity and to the vicissitudes of trade. Leo XIII, looking out of the watchtower of the Christian world, as St. Leo the Great used to say, has before him what no Pontiff yet has ever seen. He sees all the kingdoms of the world and the sufferings of them."

These eloquent sentences constitute the opening paragraph of an article which appeared in the *Dublin Review*, July, 1891. The author is Cardinal Manning and the subject is the Encyclical *Rerum Novarum*, or "On the Condition of Labor", which had been published by Pope Leo XIII on the fifteenth of the preceding May. In the paragraph that I have just quoted, the great Cardinal Democrat emphasized the two most important characteristics of this papal document, namely, the knowledge which it evinces of industrial conditions and the sympathy which it expresses with the oppressed toilers. Almost at the beginning of the Encyclical, Pope Leo declares: "Some remedy must be . . . quickly found for the misery and wretchedness which press

so heavily . . . on the large majority of the laboring classes. . . . Workingmen have been given over isolated and defenseless to the callousness of employers and the greed of unrestrained competition . . . A small number of very rich men have been able to lay upon the masses of the poor a yoke little better than slavery itself."

Naturally this language was resented and detested by the beneficiaries of the system which the Holy Father denounced. Indeed, they denied that the Pope had any right to speak about or pass judgment upon industrial affairs. Their attitude of dissatisfaction and resentment was quite natural at that time. For one hundred years or more, the business world, the economists, and the most influential Protestant churches, had either explicitly or implicitly denied that economic transactions were subject either to the principles of morality or the precepts of religion. Buying and selling, employing and being employed, borrowing and lending, had been regarded as exempt from the moral law. If business men ever adverted to the possibility that industrial relations might have an ethical aspect, they promptly satisfied their consciences by recalling the teaching of the classical economists to the effect that every free contract is also a fair contract.

Into this world of pagan industrialism, the great Pontiff of the Workingman hurled his thunderbolts of authoritative doctrine. The responsibility of the Apostolic Office and the right which was his to interpret the moral law impelled him, he said, to lay down the principles which truth and justice dictate for the settlement of the social question. No practical solution, he continued, will be found apart from religion and the Church. He proclaimed that

industrial questions were also moral questions and that he alone possessed the authority to interpret the moral law and apply it to industrial transactions.

What decisions did Leo pronounce, what principles did he enunciate, in this great Encyclical? Speaking generally, I may say that he defined both the rights and the obligations of both capital and labor, and proposed remedies for the most destructive evils of the industrial system. He showed partiality to neither employer nor employe; he treated both with evenhanded justice and abundant charity. In particular, he discussed the right and the wrong of almost every industrial practice that was of any considerable importance. I have time to deal with only four of these topics: namely, property, the state, wages, and labor unions. As in 1891, so today, these four subjects comprise the most fundamental and the most difficult of all our industrial problems.

Property is discussed in two places in the Encyclical and from two points of view. Immediately after his introductory paragraphs, Pope Leo enters upon an argument to prove that the remedy for economic evils offered by the Socialists would be ineffective and morally wrong. To abolish private ownership of land and capital and to substitute collective or state ownership would injure instead of helping the working classes and bring about "complete confusion in the community." No competent student will deny that the papal condemnation of Socialism and the ensuing campaign against it maintained for many years by Catholic bishops and priests everywhere, had a far-reaching effectiveness. The Catholic opposition and arguments were also among the principal influences which in

time brought about the practical collapse of Socialism in every country except Russia.

But this was only the negative aspect of Pope Leo's discussion of private property. More important and more enduring were his positive declarations. He did not content himself with a defense of private property as an institution. To him it was not a matter of indifference whether the actual ownership of capital goods was enjoyed by only a few persons or by many persons. On the contrary, he declared that property should be widely distributed and that the State should "induce as many as possible of the humbler classes to become owners." He emphasized the advantages of a society in which productive goods would be "more equitably divided," and "the gulf between vast wealth and sheer poverty bridged over". The doctrine of the Encyclical stands in direct contradiction to the doctrine of modern plutocracy. According to the latter, the function of ownership naturally belongs to a few industrial supermen, while the masses are competent only to use property under the dominating direction of the aforesaid supermen.

Leo's teaching on property has lost none of its force or timeliness in the years that have passed since 1891. Whatever economic arrangements may be substituted for the destructive and discredited system which was permitted to function down to the great depression, we feel certain that no form of industrial reconstruction will be satisfactory or stable which does not include a wide distribution of ownership among the masses of average human beings.

The second important subject treated by Pope Leo is the industrial function of the State. On this

matter, he lays down a radical and far-reaching principle. It is this: "Whenever the general interest, or any particular class, suffers or is threatened with injury which can in no other way be met or prevented, it is the duty of the public authority to intervene." This principle should be sufficiently comprehensive to satisfy the most progressive or the most advanced believers in State intervention, unless they happen to be Socialists or Communists. It would justify, and it does justify, all reasonable measures of protective labor legislation. It sanctions child labor laws, reduced hours laws, minimum wage laws, and legislation for insurance against sickness, old age, and unemployment. Almost as important as its comprehensiveness is the recognition which this principle gives to class legislation. "No class legislation" is one of the shallowest of all the shallow slogans that have protected the strong at the expense of the weak and defeated the ends of social justice. Pope Leo's principle recognizes the extremely obvious fact that legislation should be adjusted to the varying needs of the various social classes. "The richer classes," he said, "have many ways of shielding themselves, and stand less in need of help from the State; whereas, the mass of the poor have no resources of their own to fall back upon, and must chiefly depend upon the assistance of the State. And it is for this reason that wage-earners, since they mostly belong to that class, should be specially cared for and protected by the Government." In passing, it might be observed that the principle of State intervention laid down by Pope Leo would easily justify all the legislative measures that have been adopted by Congress since the advent of the New Deal.

Undoubtedly, the most important of all the doctrines proclaimed in the Encyclical is that concerning wages. Let us recall that when it appeared, the prevailing opinion, not only among employers but in the professional classes, in the halls of legislatures, and in the theories of economists, was that the wage contract fell under no other regulative principle than supply and demand. Outside of the working classes themselves, it was almost universally held that the wages fixed in the market by the forces of unlimited competition were always fair and just. No matter how low the remuneration of labor descended, it was ethically right if it was determined by a free contract. This immoral doctrine Pope Leo flatly repudiated. "There is," he declared, "a dictate of nature more imperious and more ancient than any bargain between man and man, namely, that the remuneration must be sufficient to support the wage-earner in reasonable and frugal comfort. If through necessity or fear of worse evil, the workman accepts harder conditions because an employer will give him no better, he is made the victim of force and *injustice*."

At the present time, almost everyone renders at least lip service to this principle of the living wage. It is formally embodied in the codes of fair practice set up by the National Recovery Administration. President Roosevelt has declared that "no business which depends for existence on paying less than living wages to its workers has any right to continue in this country," and he explains that by "living wages" he means "the wages of a *decent* living." If Pope Leo's solemn statement on this subject had been heeded, the great depression would have been much less severe and emergence from it much easier.

All persons whose judgment has not been perverted by antiquated economic theories or selfish economic interests, now realize that the main cause of the depression was too little money in the hands of those who would have bought more of the products of industry and too much money in the hands of those who were unable to spend more than a small part of it for consumption goods. Had employers given more to labor and kept less for themselves, they would not have carried so far the over-expansion of our industrial plant nor caused so much unemployment. Had all the workers been receiving living wages during the last forty years they would have been able to purchase most if not all the goods that would have been produced.

Moreover, Leo's principle of a living wage is peculiarly appropriate and necessary in our present situation. Until labor obtains higher wages, a larger amount of purchasing power and a greater share of the product, we shall not make much progress in our attempts to get out of the depression. Nor shall we be able to prevent the coming of another and even more destructive collapse unless we give labor more and capital less. Our experiences of the last few years have proved to a demonstration that a living wage is not only right ethically, but wise economically.

The final subject that we have to consider is the organization of labor. Pope Leo had a great deal to say concerning the right to organize and the various kinds of associations. His most significant and important statement is the following: "We may lay it down as a general and lasting law that workmen's associations should be so organized and governed as to furnish the best and most suitable means

for attaining what is aimed at, that is to say, for helping each individual member to better his condition to the utmost in body, mind and property." In other words, the great Pontiff of the Workingman distinguished between effective unions and hypocritical imitations. Although he was not acquainted with what we in the United States have come to know as the "company union", the words just quoted from him are an implicit condemnation of that abominable invention. The company union does not enable its members "to better their condition to the utmost in body, mind and property." Pope Leo declared that the right of the worker to enter associations is a natural right; the company union violates this right because it is imposed from above by threats and coercion.

Leo's declarations on this subject have quite recently been emphasized and restated by the Bishops who constitute the Administrative Committee of the National Catholic Welfare Conference. Here is what the Bishops say in a letter to Senator Walsh with reference to the Wagner-Lewis Industrial Disputes Bill:

"The worker's right to form labor unions and to bargain collectively is as much his right as his right to participate through delegated representatives in the making of laws which regulate his civic conduct. Both are inherent rights.

"The worker can exercise his God-given faculty of freedom and properly order his life in preparation for eternity only through a system which permits him freely to choose his representatives in industry. From a practical standpoint, the worker's free choice of representatives must be safeguarded in order to secure for him equality of contractual

power in the wage contract. Undue interference with this choice is an unfair labor practice, unjust alike to worker and the general public."

All sincere believers in human rights and in social justice will pray and hope that the principles laid down by Pope Leo and the American Bishops will become actualized in the legislation of the United States.

POPE PIUS XI'S "QUADRAGESIMO ANNO"

(Address delivered on May 20, 1934)

Quadragesimo Anno is the Latin title of the Encyclical issued by the present Holy Father, May 15, 1931. This was the fortieth anniversary of Pope Leo's *Rerum Novarum*. Neither of these Latin names tells us anything about the contents of the respective Encyclicals. As in all papal publications, the Latin title is merely the opening words of the document. The descriptive title, or subject, of Leo's Encyclical is *De Conditione Opificum*: in English, "On the Condition of Labor." The descriptive title, or subject, of Pius' Encyclical is *De Ordine Sociali Instaurando*: in English, "On Reconstructing the Social Order."

After describing briefly the historical conditions which impelled Pope Leo to publish his *Rerum Novarum*, Pope Pius enumerates the topics which he intends to treat in *Quadragesimo Anno*: First, to recall the great benefits of Leo's Encyclical; second to vindicate, to develop, and to supplement Leo's doctrine; third, to expose the root of the present social disorder and "to point out the only salutary cure, a reform of Christian morals." At the end of his summary of the beneficent effects to be attributed to the great Encyclical of his predecessor, Pope Pius feels obliged to utter a word of censure: "Nevertheless, there are some who seem to attach little importance to this Encyclical and to the present anniversary celebration. These men either slander a doctrine of which they are entirely ignorant, or if not unacquainted with this teaching, they betray their

failure to understand it, or else if they understand it they lay themselves open to the charge of base injustice and ingratitude.”

The most helpful and logical plan to follow in considering the second part of *Quadragesimo Anno* is to compare its main pronouncements with those of *Rerum Novarum* which we discussed last Sunday. At the outset, Pope Pius reaffirms the principle laid down by Leo, that it is the right and the duty of the Pope “to deal authoritatively with social and economic problems. . . insofar as they refer to moral issues.” Indeed, he devotes three paragraphs to a fundamental exposition and defense of this claim. He exposes and refutes the shallowness and impudence of the assertion that the Church has nothing to do with social or economic questions.

Concerning property, the Holy Father notes that Pope Leo and the Church have been accused of “upholding the wealthier classes against the proletariat.” This charge he warmly repudiates. Following Leo, he declares that the right of ownership comes from God. We must keep in mind, however, that property has two aspects, individual and social. While a person has a full and strict right to the thing that he owns, he may not use it as he pleases. His use of it is limited by obligations to his fellows and to the common good. When the obligations are not defined in detail by the natural law, they may properly be determined by the public authority, by the government. Anticipating a hackneyed objection that is sometimes offered by ultra-conservatives, Pope Pius adds: “When civil authority adjusts ownership to meet the needs of the public good, it acts not as an enemy, but as a friend of private owners; for thus, it effectively prevents. . . [pro-

perty] from creating intolerable burdens and so rushing to its own destruction." Moreover, owners must, in accordance with the teaching of the Scripture and the Fathers, hold their superfluous incomes subject to "the grave obligations of charity, beneficence and liberality."

As regards the rights to the industrial product, Pope Pius declares that neither capital nor labor may claim the whole. For a long time, he continues, capital was able to get a grossly excessive share; even yet "the earthly goods so abundantly produced in this age of industrialism are far from rightly distributed and equitably shared among the various classes of men." On the other hand, those persons are clearly wrong who assert that "all products and profits excepting those required to repair and replace invested capital belong by every right to the workingman." With great positiveness, the Pope declares that each class "must receive its due share."

What is the due share of each? Ever since the rise of modern industrialism, this question has intrigued and baffled the moralists no less than the economists. The answer given by Pope Pius is elementary in its simplicity and overwhelming in its conclusiveness. The product must be divided between capital and labor in such a way, he says, as to satisfy "the demands of the common good and social justice. . .". Stating some of the implications of this formula in concrete terms, we may say that if an interest rate of two percent on capital is conducive to the common good, the capitalist will not have a right to more than two percent. If the common good will not permit the majority of workers to obtain more than decent living wages, that will be full measure of their just claims upon the product.

Pius repeats and confirms what Leo had said about the necessity for a wide distribution of property. All workers, he says, should be enabled to acquire "a certain moderate ownership. . . . to attain to the possession of a certain modest fortune." He stigmatizes as a grave evil of modern society "the vast differences between the few who hold excessive wealth and the many who live in destitution."

Our Holy Father gives specific approval to Leo's description of the authority, scope and functions of the State. Moreover, he applies the Catholic doctrine to certain conditions which have developed since the publication of *Rerum Novarum*. For example, he declares that the rulership of society which has been "usurped by the owners of wealth," belongs in fact to the State; that the State has a right to "specify more accurately what is licit and what is illicit for property owners in the use of their possessions," and that both free competition and economic domination should be "brought under the effective control of the public authority. . . .". However, the Pope's most important and far reaching declaration of the industrial functions of the State occurs in his discussion of the occupational groups which are to form the most essential element of the new social order. I shall deal at length with this subject next Sunday.

At present I wish to call attention to another application of political doctrine which has very great practical importance in our time and country. The Holy Father points out that since the time of Leo XIII great changes have taken place in the Socialist movement. It has become divided into two parts: one even more extreme, if possible, than the Socialism which Pope Leo condemned; the other showing

various degrees of moderation. The former section is known as Communism. This Pope Pius condemns because it aims at "merciless class warfare and complete abolition of private ownership," even by means of violence. "The more moderate section" retains the name of Socialism and mitigates both its advocacy of class warfare and its demand for the abolition of private property. If these changes are continued, says the Pope, it may well come about that the tenets of mitigated Socialism will not differ from the Christian principles of social reform. Undoubtedly this statement has startled some timid and conservative Catholics. We can imagine them exclaiming: "No matter how far it may be mitigated, softened or diluted, Socialism will always demand a certain, if not a considerable, amount of public ownership." As if in anticipation of this objection, the Holy Father declared: "It is rightly contended that certain forms of property must be reserved to the state, since they carry with them an opportunity of domination too great to be left to private individuals without injury to the community at large.

"Just demands and desires of this kind contain nothing opposed to Christian truth, nor are they in any sense peculiar to Socialism. Those, therefore who look for nothing else, have no reason for becoming Socialists."

The words just quoted should give great satisfaction to all Catholics who believe in government ownership of public utilities. In order to advocate this course, all that any loyal Catholic is required to do is to show that private ownership of such industries causes "injury to the community at large."

Lest anyone should conclude from the Pope's statements on this point that it is lawful for Catho-

lics to identify themselves with any or every Socialist movement, the Holy Father lays down a positive principle of guidance. Not all "the Socialist sects or factions," he says, "have in fact or in theory returned to this reasonable position." Therefore, he continues, so long as Socialism remains Socialism, it is contrary to the teaching of the Catholic Church. Why? Because it denies the subordination of society to God and because it contemplates an industrial organization which would destroy the human dignity of the workers and impose upon them "compulsion of the most excessive kind." Any Socialist party, group, or philosophy, which defends these theories and proposals is, therefore, still under the ban of the Catholic Church. In the precise words of Pope Pius XI: "No one can be at the same time a sincere Catholic and a true Socialist."

Concerning wages, Pope Pius makes explicit that which is implicit in the teaching of his predecessor. He declares that "the wage paid to the working man must be sufficient for the support of himself and of his family." What kind or degree of support? It should amount to "ample sufficiency," says the Holy Father. How much is "ample sufficiency"? Enough "to meet adequately ordinary domestic needs." The wage should be sufficient to enable the workers "to bear the family burden with greater ease and security. . . to support life's changing fortunes, . . . to acquire a certain moderate ownership, . . . to have the reassuring confidence that when their lives are ended, some little provision will remain for those whom they leave behind them." If this measure of wage justice had been universally enforced in the United States during the so-called prosperous years of 1921-1929, the depression which began in the

latter year would not have been nearly so disastrous.

What Pope Pius has to say about the fourth important topic treated by Pope Leo can be stated very briefly. He quotes and confirms his predecessor's declaration that workmen's associations should enable the members "to better their condition to the utmost in body, mind and property." Moreover, he condemns "the criminal injustice" of those governments which "denied the innate right of forming associations to those who needed them most for self-protection against oppression by the more powerful." Just as Pope Leo's pronouncement was an implicit rejection of the company union, so the words just quoted from Pope Pius contain an implicit censure of those rulers and legislators who fail to enforce and protect the natural right of the workers to form effective unions.

The teaching of Pope Pius on the important subjects considered by both him and his predecessor may be thus summarized: Private property is a natural right, but its exercise is subject to the natural law, to the State and to the common good; capital, as well as labor, has a right to a part of the product of industry, but only in such measure as is consistent with the common good; the State may and should regulate industrial activities for the common good; the worker has a right to decent living wages for himself and his family and also the right to enter effective labor unions.

Nevertheless, Pope Pius demands more fundamental reforms than these we have been considering. The latter, he says, directly concern only the rights and duties of individuals. Two other things are particularly necessary: "the reform of the social order and the correction of morals." The English

word, "reform", is too weak to characterize adequately the Holy Father's proposals for the remaking of industrial society. The term "reconstructing," in other words, rebuilding, is the only adequate expression. What the Pope demands is a new kind of society, a new social order, an industrial organization which will differ radically from the economic arrangements which have existed for the last one hundred and fifty years. The pages which delineate this proposed social order constitute by far the most important part of the Encyclical. They will be dealt with next Sunday.

A NEW SOCIAL ORDER

(Address delivered on May 27, 1934)

As I stated at the end of my address last Sunday, I shall attempt in this, the closing talk of the present series in the Catholic Hour, to set forth the proposals of Pope Pius XI for a new social order. Before taking up this subject, however, I wish to summarize the Holy Father's portrayal of the principal evils which afflict our present economic society. The terms in which he describes these evils are so concrete, so up-to-date, that we are tempted to exclaim: "The man who wrote these sentences must have been living in the United States in the delirious 'twenties' of the present century." As a matter of fact, these words were written by the Vicar of Christ in Italy in 1931. Here is a summary of his indictment of the present industrial system. "In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure." Let us recall here what happened to investors in Chicago, Detroit, and Cleveland. The Pope condemns the arbitrary and monopolistic control of credit, "the life blood of the entire economic body." He excoriates the accumulation of power "which permits the survival of those only who are the strongest, which often means those who fight most relentlessly, who pay least heed to the dictates of conscience. . . Unbridled ambition for domination has succeeded the

desire for gain; the whole economic life has become hard, cruel and relentless in ghastly measure."

The Holy Father is no less positive in his denunciation of the conflict between industrial classes. By reason of this conflict, the labor market has been transformed "into an arena where the two armies are engaged in combat." To this grave disorder "which is leading society to ruin, a remedy must evidently be applied as speedily as possible."

What then is the Pope's remedy? What is the nature of the social order which he wishes to see established? In more than one place he declares that the root cause of all our economic evils is individualism. There is too much individual freedom for the strong, the cunning, and the unscrupulous. There is too much freedom for powerful individuals to combine and dominate the whole of society. There is too much antagonism between economic classes. The remedy can not be more freedom for individuals, or more power for combinations. The excesses of individualism, the tyranny of combinations, and the conflict between classes, can be adequately controlled only by the State. "When we speak of the reform of the social order," says the Pope, "it is principally the State we have in mind."

Many social reformers who applaud the Pope's analysis of evils and his proposal to seek a remedy in the State, will assume that he means, or ought to mean, some form of collectivism, some kind of Socialism. These persons are completely mistaken. The Holy Father does not want state ownership and operation of the means of production. He wants more, not less, rational freedom for all individuals. Class conflict he would eliminate not by a futile effort to abolish classes, but by bringing them into a

practical scheme of cooperation. On the whole, he would decentralize the economic activities of the State. He would interpose a graded hierarchical order, a system of subsidiary organizations between the individual and the state.

“The aim of social legislation, therefore, must be,” says the Pope, “the reestablishment of occupational groups.” His choice of the word “reestablishment” instead of “establishment” shows that he is not proposing something entirely new. He is taking as a model that organization of industry known as the guild system. In that system, masters, journeymen and apprentices, were all united in one association. Of course, that arrangement could not be set up without change in our machine system, where the place of the associated master workman is occupied by the employing capitalist and the place of the associated journeyman by the propertyless employe. Nevertheless, the main principle and the spirit of the guilds could be adopted and adapted. Occupational groups could be organized, which, in the words of Pope Pius “would bind men together, not according to the position which they occupy in the labor market, but according to the diverse functions which they exercise in society.” In the railroad industry, for example, the owners, managers and employes, would be united with reference to the common social function which all these classes perform, namely, that of carrying goods and passengers in cars over steel rails.

In other words, these organizations would comprise both employers and employes, both capitalists and laborers. The occupational group would be empowered by law to fix wages, interest, dividends, and prices, to determine working conditions, to adjust

industrial disputes, and to carry on whatever economic planning was thought feasible. All the groups in the several concerns of an industry could be federated into a national council for the whole industry. There might also be a federation of all the national concerns into a supreme council for all the industries of the nation. The occupational groups, whether local or national, would enjoy real political power and authority over industrial matters coming within their competence. This would be genuine self-government in industry.

Of course, the occupational groups would not be entirely independent of the government. No economic group, whether of capitalists or laborers, or of both in combination, can be trusted with unlimited power to fix their own profits and remuneration. While allowing to the occupational groups the largest measure of reasonable freedom in the management of their own affairs, the State, says Pius XI, should perform the tasks which belong to it and which it alone can effectively accomplish, namely, those of "directing, watching, stimulating and restraining, as circumstances suggest or necessity demands."

The occupational group system would not only mean industrial self-government, but it could easily bring about a full measure of industrial democracy. In another part of the Encyclical, the Pope recommends that the wage earners be enabled to have some share in the ownership or the management or the profits of industry. Sooner or later, this change must come and the sooner the better. At present, industrial society is made up of two classes, a very small minority that does all the managing, reaps all the profits and exercises all the ownership, and the

vast majority that manages nothing, owns nothing, and gets no profits. Such a society always is and always will be in a state of unstable equilibrium.

Considerable discussion has taken place concerning the resemblance, or the difference, between the occupational group system proposed by the Holy Father and the trade associations set up by our National Recovery Administration. Insofar as all the participants in each industry are brought under a code of fair practice and insofar as each association exercises a considerable measure of industrial self-government, there is much resemblance. The most striking difference, and it is a vital difference, between the occupational group arrangement and the NRA organizations is that the latter do not include adequate participation by labor. It is to be hoped that this fundamental defect will soon be removed. Labor should share with capital in all those activities which affect labor. The employes should participate in the drawing up, the administration, and the enforcement of the codes. Until this fundamental change is made, the Pope's proposals will continue to be more radical than the provisions of the New Deal.

It has been asserted that the occupational group system would involve the abolition of capitalism. Whether this is true depends upon our definition. If we take capitalism to mean merely the private ownership of capital, the system of occupational groups might still be called a capitalist system. If, however, we use the word capitalism in its historical sense, with its traditional philosophy, then it is automatically excluded by every important principle and proposal in *Quadragesimo Anno*. For the underlying principles of capitalism

are those of individualism and economic liberalism. In a dozen places, the Holy Father condemns individualism because it calls for unlimited competition and rejects state regulation. In a dozen places, he condemns liberalism because it authorizes men to seek unlimited profits and unlimited interest, and to pay the lowest wages which men can be coerced to accept under the guise of a "free" contract. In the words of J. L. and Barbara Hammond, liberalism asserted the "right to acquire and use property, subject to no qualifications. . . the right to take what interest and profit you could get; to buy and sell as you pleased. . . for the Divine Right of Kings it substituted the Divine Right of Capitalists" (*The Rise of Modern Industry*, p. 218). Capitalism in this sense would obviously be impossible under the Pope's system of occupational groups.

The new social order recommended by the Holy Father would exemplify neither individualism nor socialism. Neither the individual nor the corporation would be permitted to make extortionate and anti-social "free" contracts. The profit motive would continue to function, but not to enjoy unlimited scope. It would be subjected to the restraints of reason and justice. On the other hand, the new social order would not be socialism. It would not place the entire control and operation of industry in the hands of a supreme general staff. It would not abolish private property. It would not regiment labor or substantially restrain freedom of choice by the consumer.

In a word, the industrial system proposed by the Pope would occupy a middle ground between capitalism and communism, between individualism and socialism. It would provide all that freedom and op-

portunity which every individual needs in order to develop his personality; and it would avoid that concentration of power which would defeat itself and which free men would not long tolerate.

Great as is the Holy Father's faith in the social order which he recommends, he declares that it will not succeed without a preliminary reform of ethical conduct and ethical standards. "If we examine matters diligently and thoroughly," he says, "we shall perceive clearly that this longed for social reconstruction must be preceded by a profound renewal of the Christian spirit, from which multitudes engaged in industry in every country have unhappily departed. Otherwise, all our endeavors will be futile and our social edifice will be built not upon a rock but upon shifting sand."

The truth of these weighty words is becoming more and more evident every day in these United States. "Practical Christianity," said President Roosevelt recently, "would go far in helping us to solve the great economic problems confronting us, brought about in large part by greed and selfishness." The extent to which the New Deal has been and still is impeded by exhibitions of cunning, extortion, and downright dishonesty, is causing a rapidly increasing number of observers to doubt whether as a people we have the moral qualities necessary to carry out successfully any plan of social reform or to achieve any considerable measure of social justice. Consider the wholesale violations of the NRA Codes. Consider the very numerous efforts of strong business concerns to injure and destroy the weak. Consider the enormous frauds perpetrated upon the consumer through unjustly high prices and upon the laborer through unjustly low wages. Consider the

many and varied forms of dishonesty which compelled the invention of a new descriptive term, "chiseling." Consider the trickery and tyranny of powerful corporations that force their employes into company unions and deny the right of free organization. Consider the efforts of certain craft unions to promote their minority interests at the expense of the majority of their fellow workers. Consider the willingness of certain cooperatives of dairymen to join with certain milk distributors in gouging the consumer. Consider the report of the Committee of the Durable Goods Industries which flatly refused to adopt a ten per cent reduction in hours and a ten per cent increase in wages, in the face of the obvious fact that only by such methods can the number of the unemployed be substantially reduced or the volume of business substantially increased. When we consider these and many other indications of the same sort, we realize the pertinence of the Holy Father's words about the necessity of a reform in morals. We realize that if the New Deal fails the main cause of the failure will be a vice which is as old as the human race. And the name of that vice is greed.

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